



OPENING STATEMENT

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**Statement of Subcommittee Chairman Scott Perry (R-PA)
Oversight and Management Efficiency Subcommittee
House Homeland Security Committee**

Subcommittee Hearing: "Making DHS More Efficient: Industry Recommendations to Improve Homeland Security"

Remarks as Prepared

Today's hearing provides us with an important opportunity to examine how the Department of Homeland Security (DHS) can improve its management using proven, private sector best practices. In the early years after the creation of DHS, Department officials understandably were focused on preventing another major attack on the homeland; however, from the outset, DHS faced significant challenges, including consolidating 22 preexisting component agencies, reporting to a multitude of Congressional committees, and working diligently to strike the balance between national security and protecting privacy and civil liberties. Furthermore, a longstanding failure to adhere to strong management practices led to high profile failures, such as wasting a billion dollars on the failed Secure Border Initiative Network (SBI-Net) and mothballed "puffer machines" that eventually were pulled from airports. Such mismanagement eroded public confidence in DHS and continues to hinder it today.

DHS components, including Customs and Border Protection (CBP), Transportation Security Administration (TSA), Coast Guard, Federal Emergency Management Agency (FEMA) and others, continue to revert to their practices used prior to joining DHS and often seek to fly under the radar of headquarters oversight. More than 10 years after its creation, DHS continues to face conflicting cultures and processes. In addition, senior DHS officials often fail to hold components accountable and lack the information necessary to make sound decisions.

Secretary Johnson has refocused DHS efforts to improve management practices and increase interagency coordination; his "Unity of Effort" initiative creates new processes to ensure that everyone's driving towards common goals and objectives. For example, DHS's new Joint Requirements Council seeks to ensure that components leverage common technologies and platforms. Previous stovepipes led to components buying different technologies to meet very similar requirements; examples include CBP and Coast Guard air and marine assets and component tactical radio systems. Because these efforts are so recent, we're unclear as to whether the new processes will transform how DHS manages its programs or simply add another layer to an already massive bureaucracy.

Private sector companies respect the value of using sound management practices. Commercial firms often must deal with mergers, acquisitions and restructuring. Having started and managed a small

business in Pennsylvania, I understand the importance of sound planning combined with strong, capable leadership and accountability. For example, before undertaking a major project, commercial firms must have a sound business case to ensure the project is viable. A sound business case is critical to mitigating risk and ensures that managers have sufficient knowledge as the project moves forward.

Because the private sector is focused on getting a return on its investment, commercial firms would be much more cautious about risking projects with cost overruns and schedule delays. In contrast, DHS all too often has ignored risks and moved forward with unachievable programs leading to wasted taxpayer dollars and late, costly and unimpressive results. DHS has much to learn from private sector best practices.

The private sector also routinely analyzes its overhead to streamline and maximize efficiencies. DHS, however, struggles to streamline its information technology programs, modernize its financial systems, and consolidate its real property inventory, which result in a significant inability to cut waste. For example, two Inspector General reports from last month found that DHS has done a poor job of tracking costs related to its warehouse inventory and conference spending. According to the IG, CBP could put \$1 million to better use if it improved warehouse management; this might not seem like much to Washington bureaucrats, but my constituents in Pennsylvania would much prefer that money spent towards securing the border.

DHS must learn from the proven techniques and practices of successful commercial firms. Federal bureaucrats need to remember that the American people are their shareholders; their tax dollars must be safeguarded, not wasted. As the Nation faces significant homeland security threats and our national debt continues to climb, we can afford no more mismanagement. I look forward to the testimony and recommendations from our witnesses to improve the management of DHS.

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